

The SDGs CHT
contributions to
in this section



Material Topics and Impact

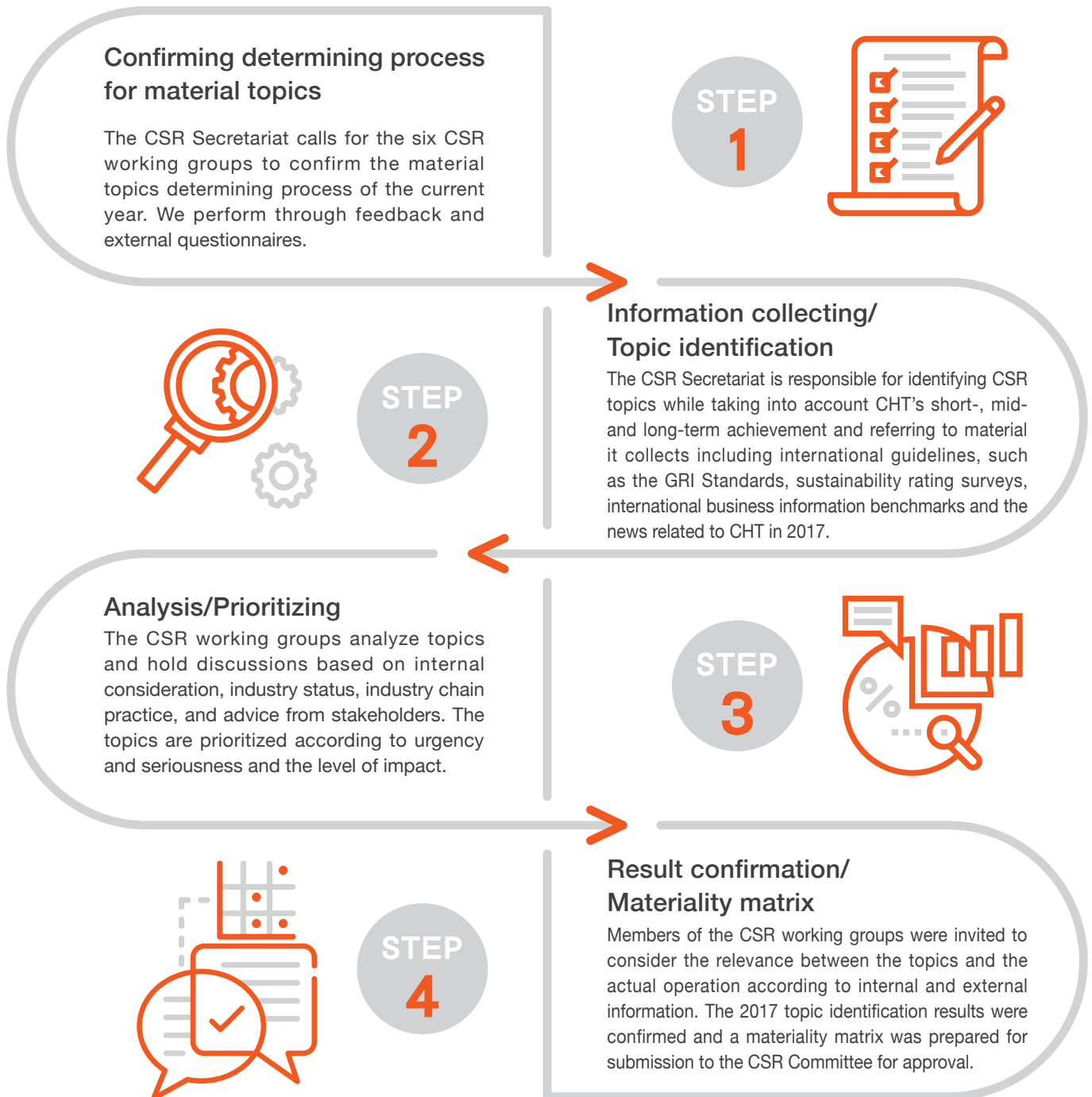


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We intend to provide all stakeholders concerning the future of Chunghwa Telecom as well as the telecom industry with a more comprehensive understanding of how Chunghwa Telecom has exerted its industry influence on CSR topics. This purpose has improved the quality of our actions and disclosures.

» Process for Determining Material Topics



2017 Material Topics and Impact

CHT is an integrated telecom service provider. Except for the use of electricity at business locations, generator rooms, and data centers, our other service processes and mechanisms have no major negative impact on the environment and society. However, with over 20 thousand employees, the capabilities of value chain procurement and supply and business locations all over Taiwan, we understand that our ICT services and products can bring positive transforming and business opportunities to the industry, economic development and people's life in Taiwan. Therefore, we seize opportunities and endeavor to decrease the potential risks from material CSR topics.

Within the organization < Range of impact > Outside the organization

The Material Topic	CHT	Honghwa Subsidiary	CHT Security Subsidiary	Engineering Suppliers	Equipment Suppliers
Ensuring the shareholders' equity	○	□	□	□	□
Building a happy business	○	□	□		
The integrity and business ethics of the employees	○	□	□		
Health and safety	○	□	□	△	△
Honest business activities	○	□			
Privacy rights protection	○	□			
Information on the products and service marketing	○	□			
Social and economic law compliance	○	□			
Environmental law compliance	○	□			
*Innovative ICT products and services	○		△		□
*Social participation	○	□			
*Climate change	○			□	□
*Information security	○	□	□		

Emerging Topics

- Note: 1. ○: direct impact; △: indirect impact; □: impact from business relations.
 2. Except for the impact within the CHT organization (including 2 subsidiaries), the influence of the external impact is determined by the "supplier type."
 3. CHT also promotes relative management principles and actions. For detailed topic information, please refer to the corresponding chapter and page.
 4. The mark "*" represents the emerging topics determined in 2017. Attention has been drawn to them by stakeholders and they will influence our mid- and long-term development. We are disclosing this information because they will become part of our future goals, with designated chapters, even though they are not material topics at the present time.

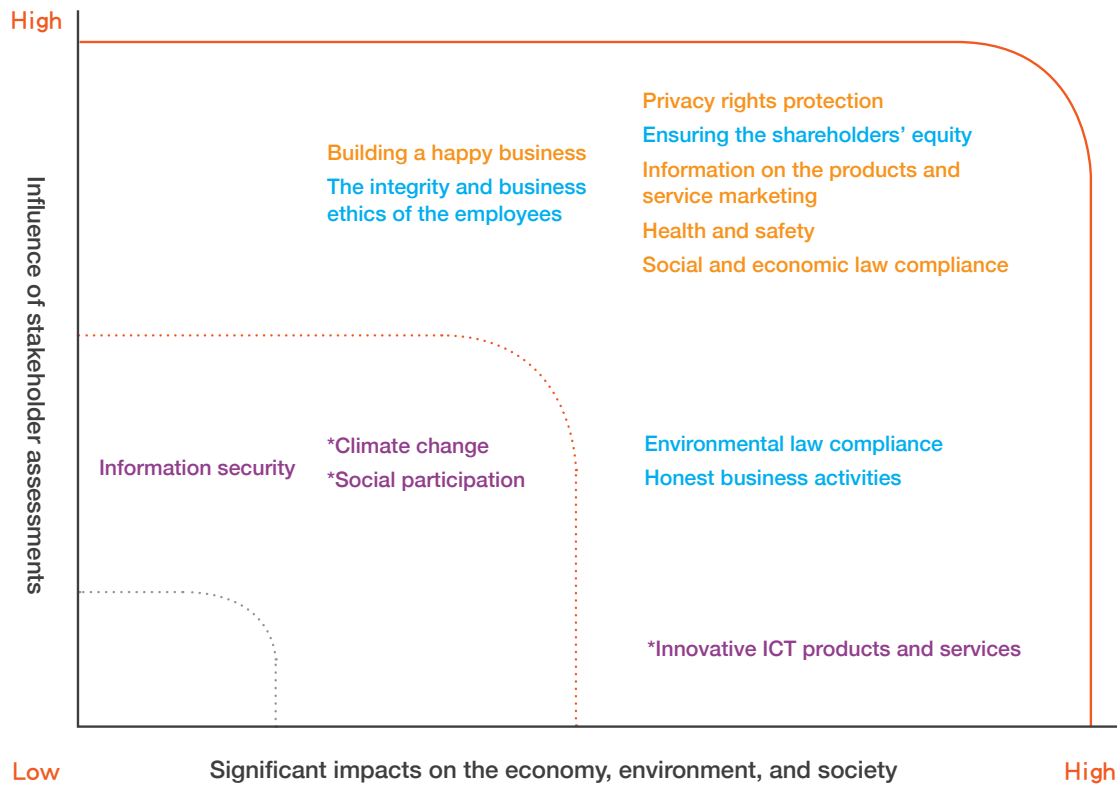
Material Topic	Material Influence toward CHT			Mid-long Term Target
	Cost	Revenue	Risk	
Innovative ICT products and services		○		<ul style="list-style-type: none"> MOD customer number to exceed 2 million by 2018 IoT related revenue to reach NT\$ 15 billion in 2020 AI related revenue to exceed NT\$ 3 billion in 2020 Penetration rate of mobile payment customers to reach 90% in 2025
Social participation	○			<ul style="list-style-type: none"> Social investment to reach 1% of revenue in 2020
Climate change			○	<ul style="list-style-type: none"> Electricity used in IDC generator rooms to reduce by 10% in five years Solar PV System Capacity > 1,000 kWp
Information security	○			<ul style="list-style-type: none"> The revenue of perjury prevented cloud products reaches 500 million by 2020 The revenue will reach NT\$ 3 billion by 2022

2017 Emerging Material Topics Description







» The Materiality Matrix

To ensure that all employees understand the spirit of CSR, we have established a diversity of channels for communications and education about related topics. The initiative is integrated with a performance evaluation that helps to translate the concept of CSR into actions and is practiced in routine operations.



Note: 1. The materiality threshold: 2.5 and above for both the X-axis and the Y-axis (3 point scale). The mark “*” represents the new topics determined in 2017. Due to the concerns of our stakeholders and the substantial influence of the company's mid and long-term development, we disclose the information and future goals in a designated chapter despite that they are not the material topics identified this year.





2. Chunghwa Telecom also willingly discloses topics that are not identified as material topics in 2017, please refer to the topics with “*” in the GRI Index catalog.

Progress in 2017	Achieving Rate
<ul style="list-style-type: none"> The penetration rate of using mobile payment was 50% The IoT platform user amount was 500 households We developed several AI applied products, such as face verification and big data traffic status analysis We were honored with the Chairman of the “Mobile Payment Applied Service Alliance” 	 Within expectation
<ul style="list-style-type: none"> Social investment was NT\$ 1,164,080 thousand, which was 0.51% of the revenue 	 Within expectation
<ul style="list-style-type: none"> The capacity of renewable energy construction was 527 kWp 	 Within expectation
<ul style="list-style-type: none"> We founded CHT Security Co., Ltd. to provide better and more integrated information security solutions 	 Within expectation

» 2017 Material Topics Description

Sustainability Aspect	Material Topics	Meaning to CHT
 Economic	Ensuring shareholders' equity	The distribution of share dividends maintains the confidence of shareholders and investors in our operation, and increases the likelihood of our stock being held over the long term.
	The integrity and business ethics of the employees	Employees who carry out their duties with the highest ethical standard not only comply with the regulations but also give themselves the opportunity to reflect upon themselves favorably when performing their business activities.
	Honest business activities	Honest governance and upright management are the foundation of our operations. Our strict procedures and guidelines for operational conduct prevent any breaches of the regulations and unethical behavior.
 Environmental	Environmental law compliance	We have undertaken the responsibility of becoming a green corporation with real sustainable development and we comply with all the relevant environmental laws and regulations. We earnestly request all others in the ICT industry to accelerate their move towards green living and help to bring it to all sectors of society.
 Social	Building a happy business	We have established complete worker benefits which exceed the legal requirements in an effort to increase the welfare of our employees. They feel more secure and happy in their work. This improves the quality of work and also gives employees a feeling of security that also prompts hard work and better results.
	Health and safety	We make every effort to ensure workplace safety and comply with every law and regulation to maintain a fine occupational safety and health management system in a secure workplace.
	Product information and service marketing	We provide the most comprehensive products and services information as well as excellent professional service that makes it possible for our customers to quickly find the most suitable solution for their needs.
	Privacy protection	We continue to strengthen customer data and information security. We use several diverse processes and systematic regulations, to prevent data leaks, intrusions, or improper searches, that might result in the disclosure of confidential information.
	Social and economic law compliance	CHT insists on strictly honest and upright operation as a core value. Employees are urged to adhere exactly to all the laws and regulations through the regular promotion of company policy.
 Emerging Topic	Innovative ICT products and service	Influence of the global industry chain, has made it impossible for the original output value of the telecom industry to correspond to the convergence era. We are therefore actively strengthening our original core business to bring revenue to the Company through innovative ICT products and services.
	Social Participation	We hope to build an environment that has no technological or information barriers, using our original business, which is telecommunication.
	Climate change	Climate change is an issue that has a close relationship to the operation of a corporation. We are actively establishing plans and setting goals to reduce the costs and risks related to climate change in the value chain.
	Information security	As the biggest general telecom service provider in the country, we continue to improve our information security system and management strategies under constant external threat to information security and even changes in the Law.



Topic corresponding with the GRI Standards	Management principle (page number)	UN SDGs
Economic Performance	16	 
Anti-corruption	17	
Anti-competitive Behavior	17	
Environmental Compliance	40	  
Labor/Management Relations	55	 
Customer Health Safety	72	 
Marketing and Labeling	17	 
Customer Privacy	74	 
Socioeconomic Compliance	17	 



Stakeholders Engagement

We have always thought that “Chunghwa Telecom is not just Chunghwa Telecom,” it is much more. As the leading brand in the telecom industry in Taiwan, CHT focuses on industry development and competition. In addition to good products, services and profits, we also use our influence to give back to society. We also pay close attention to the voices of our internal and external stakeholders before making careful responses to the needs of society.

The identification of the stakeholders and their issues is a very important part of the practice of CSR. We have established a stakeholder identification and negotiation process in accordance with AA 1000SES (2015), interacting and communicating with stakeholders through diverse channels.

In the initial meeting of CSR report preparation, we invite members from all departments to exchange the issues related to current key stakeholders and their concerns. Upon reaching mutual understanding, the result is incorporated into a table that is regarded as an essential reference for the disclosures in the report. In the process of promoting CSR activities and information disclosure, we consult the opinion of the internal and external stakeholders, important relevant mechanisms include:

- “Consultation meeting with external professionals” for CSR report
- Regular invitation of external professionals to the “CSR Conference” and relevant forums
- The “Supplier CSR Interchange Meeting” is held every year

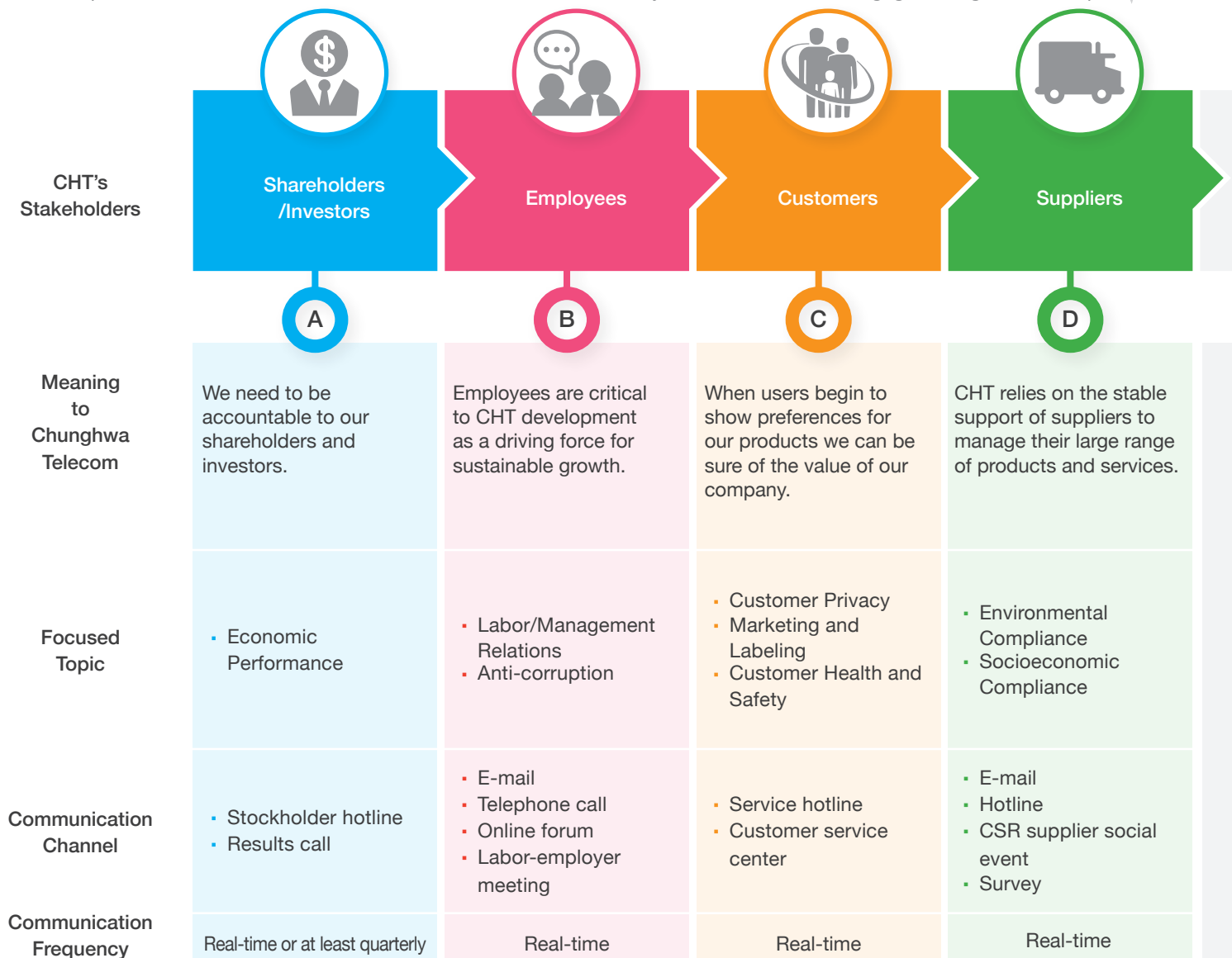
CHT was the first to create “CSR videos” and the CHT official YouTube CSR program to record the implementation of CSR action on a regular basis, as well as the collection of internal and external feedback for further improvement.

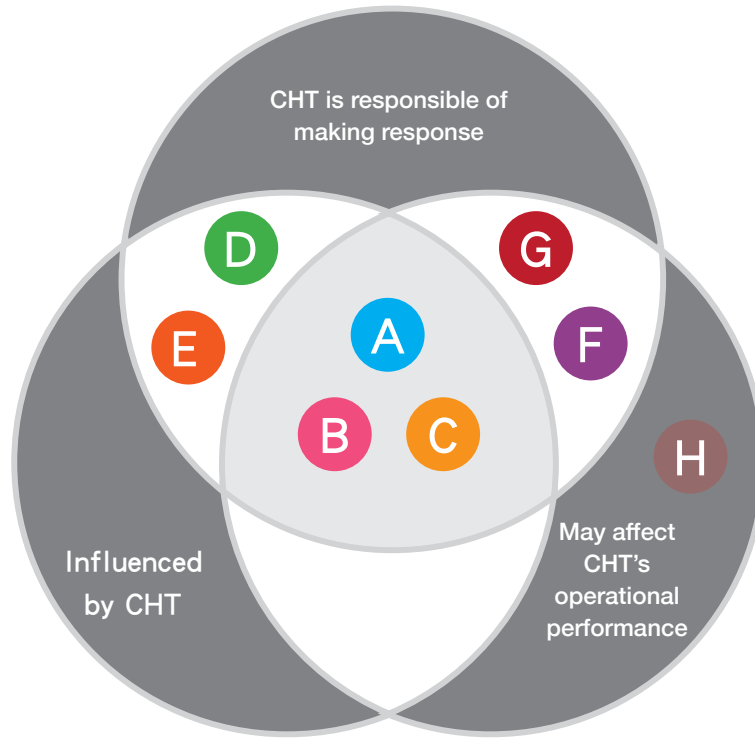
See: <https://www.cht.com.tw/en/home/cht/about-cht/brand-and-service/advert/csr>





- Specialists designated for CSR and the CHT Foundation

Chunghwa Telecom Stakeholder Engagement Guidelines:

https://www.cht.com.tw/home/cht/-/media/Web/PDF/Sustainability/Csr-se/Stakeholder_engagement_guideline_en.pdf





	 Communities /NPOs E	 Media /Accreditation Institutes F	 Competent Authorities G	 Competitors H
	We wish to create a better future by giving back to society.	Our sustainable development has grown under the mentorship of the media and accreditation institute.	Our products, services and related marketing behaviors are subject to audits by the competent authority.	We engage in fair competition for healthy development.
	<ul style="list-style-type: none"> ▪ Environmental Compliance ▪ Marketing and Labeling ▪ Socioeconomic Compliance 	<ul style="list-style-type: none"> ▪ Anti-corruption ▪ Marketing and Labeling 	<ul style="list-style-type: none"> ▪ Anti-competitive Behavior ▪ Anti-corruption ▪ Environmental Compliance ▪ Socioeconomic Compliance 	<ul style="list-style-type: none"> ▪ Marketing and Labeling
	<ul style="list-style-type: none"> ▪ E-mail ▪ Hotline ▪ Stakeholder briefing 	<ul style="list-style-type: none"> ▪ E-mail ▪ Hotline ▪ Press release ▪ Press conference ▪ Survey 	<ul style="list-style-type: none"> ▪ E-mail ▪ Official document ▪ Meeting ▪ Telephone call ▪ Visit 	<ul style="list-style-type: none"> ▪ Official document ▪ Meeting
	Real-time	Real-time	Real-time	Once or twice a year

2017 Results of Critical Stakeholders Engagement



Employees

- 6 labor-management conferences
- 1 unscheduled meeting



Competent Authorities

- Negotiating and communicating with the competent authorities, such as the Legislative Yuan, on **1,214** cases



Shareholders/ Investors

- 1 annual general meeting
- 4 quarterly operational reports
- 4 results call



Media

- **292** press releases in total
- **26** press conferences in total



Customers

- The “123 customer service hotline” has served over **40** million people



Suppliers

- Approximately **80** suppliers participating in the environmental and educational visiting tour
- Approximately **100** suppliers participating in the “CSR 2017 Supplier Social Event”

Result 3- The CSR Supplier Social Event Enables Management of the Supply Chain





Result 1- Overall Employee Salary Increase with an Average of 3.54%

To satisfy the needs of our operations and expanding the business, we publicly recruit new employees and maintain an excellent workforce. To encourage high performance, we convened an unscheduled Board meeting to approve an overall salary increase in 2017. The average raise was 3.54% with a maximum of 5%, and was effective from January 1st, 2018. This was the biggest salary raise during our 12 years of privatization and we expect it to encourage employees in all aspects. We also expect better morale and higher performance, making CHT “The Digital Economy Motivator and The Creative Industry Pilot.”



Result 2- The Digital Good Neighbors Program Provides Information Equality in the Communities

When implementing the “Digital Good Neighbors” program, and to make the best of limited resources, the CHT Foundation assessed the needs of the communities through regular interaction with the local populations.

1. Construction assessment: Applicants are required to complete a “Digital Good neighbor Application Form” to allow an assessment to be made of the status of the community. After a review, meetings are held with the local key person and on-site visits are also made. Internal discussions and further assessment of the feasibility of cooperation are held a full understanding of the community and the matter has been reached.
2. Maintenance: Regular and random meetings are held with the key person to get feedback about the project. This interaction allows us to better determine the needs of the community and allows a better and more even distribution of available resources.

Implementation of the annual Foundation projects starts with a specific community need. During long-term interaction with “the good neighbors,” the community or tribe will also reciprocate to the Foundation. These interactions form a basis for modification of the project over the years in an effort to fully meet the local needs.

The annual procurement of CHT exceeds NT\$ 40 billion. The items procured extend over a wide range, from broadband, mobile and fixed network devices to customer terminal products such as cell phones, tablets and laptops. At the annual CSR supplier social event in 2017, we announced that we had joined the “CDP Supply Chain Project” and officially started the application of carbon management to our supply chain. We started gradually by using counseling to encourage suppliers to reduce carbon emission. In the long term, we will include carbon reduction performance into bidding documents to make it a requirement. This means that suppliers will only be able to place bids with CHT after completing a predetermined level of carbon emission reduction.

[Video record of the event](#)

